GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2347
ANSWERED ON:23.08.2013
REVERSAL OF FOREX RELAXATION FOR SEZ
Shetkar Shri Suresh Kumar

Will the Minister of FINANCE be pleased to state:

(a) Whether the Reserve Bank of India (RBI) has reversed forex relaxation for Special Economic Zones (SEZs);

(b) if so, the details and the present status thereof; and

(c) the likely impact of the said move on the value of rupee as well as overall economy of the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b) As per the information provided by RBI, in terms of para 11(c) of AP (DIR Series) Circular No. 28 dated 30th March, 2001, units situated in Special Economic Zones were permitted to realize and repatriate to India the full value of goods or software within a period of twelve months from the date of export. Subsequently, it was decided to remove the stipulation of twelve months or extended period thereof for realization of export proceeds. Accordingly, there was to be no prescription of any time limit for realization. This relaxation was done away with the issue of AP (DIR Series) Circular No. 108 dated 11th June 2013 and extant position is that the units located in SEZs shall realize and repatriate, full value of goods/software/ services, to India within a period of twelve months from the date of export. Any extension of time beyond the above stipulated period may be granted by Reserve Bank of India, on case to case basis.

(c) Special Economic Zones (SEZ) is bound to get export realization within a time period of twelve (12) months. This restriction is likely to boost forex inflow and may help in maintaining external value of India's currency vis-Ã -vis permitted currencies.